



CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Judy Gray Johnson, Director

Date: January 28, 2005

Subject: **December Monthly Financial
and Operations Report**

Attached is the Monthly Financial and Operations Report for the period ending December 31, 2004.

General Fund Revenues

Our revenue estimates for the General Fund decreased by \$1.185 million from last month. Highlights of our revenue estimates are as follows:

Sales Taxes

Sales tax revenues continue to be strong, with receipts in January – 11.8% higher than January, 2004. Of course, the February receipts are always the highest receipts of the year, and we will know that amount on Wednesday, February 9, 2005.

Natural Gas Franchise

We have increased our estimate of natural gas franchise revenues by \$700 thousand, due to higher prices for natural gas.

Charges for Services

We have reduced our estimate for ambulance revenue collections by \$1.275 million. As we discussed at the Fiscal Affairs and Management Initiatives Committee meeting in January, our rates of collection from insurance companies have been below expectations due to higher denial rates on claims. Collections in January are much improved, but we are likely to be below budget for the year.

Direct Interfund Services

We have reduced our estimated revenues for direct interfund services for the Public Works and Engineering Department by \$370 thousand.

Other Fines and Forfeitures

We have reduced our estimate for Library fines by \$240,000.

General Fund Expenditures

After six months, most departments' spending is very close to budget. The Police Department's spending is now expected to be close to the original budget. The reduced payout of termination pay, due to the changes approved in the Meet and Confer Agreement, including the new phase-down options, is expected to offset the cost of the cadet class, the debt service on the Tasers, and the cost of the crime lab investigation for this fiscal year. We have also reduced the estimated spending for Public Works and Engineering, equal to the reduction in direct interfund revenues.

We have received the final bills related to the election, and the cost is about \$200 less than our previous estimate.

The net result is a reduction in projected spending of \$6.1 million from last month.

The Police Pension Note was issued in December, and is reflected as pension bond proceeds of \$22.776 million.

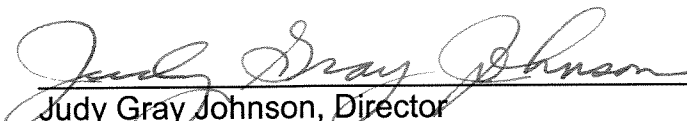
Ending Fund Balance

The final audit adjustments are reflected in the opening fund balance, resulting in a change of \$1.7 million. Overall, although our projected revenues are down, projected spending is down even more, and we are projecting a healthy ending fund balance of \$86.7 million.

Combined Utility System

Water and Sewer revenues continue to be below budget due to higher than normal rainfall, but this is partially offset by reduced spending. Net revenues are expected to be about \$7 million below budget.

If you have any questions, please let me know.


Judy Gray Johnson, Director
Finance and Administration Department